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AZ CORP COMMISSION
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April 16, 2007

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

As ordered by the Arizona Corporation Commission in Decision #67989, dated July 18, 2005 (Docket Nos. W-01676A-04-0500 & W-01676A-04-0463), Pineview Water Company is submitting an Abbreviate Rate Case.

The order is not clear as to who the document needs to be filed with. Therefore the following is enclosed

1. An original and 13 copies plus two per additional docket number
2. 1 copy of a completed cover sheet accompanying the original.
3. The assigned docket numbr listed on the cover sheet and the first page of the original document.
4. One copy has been sent to Compliance Section.
5. In addition, an original and one copy was sent to the Director of Utilities with a copy to the Compliance Section on March 29, 2007.

Please make note that Pineview Water Company does plan to file a full Rate Case Application in 2007. It is our hope to file by May 1, 2007.

Ronald L. McDonald, General Manager
Pineview Water Company

Cc: Compliance Section
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED
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AZ CORP COMMISSION
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**PINEVIEW WATER COMPANY
5198 CUB LAKE ROAD
SHOW LOW, ARIZONA
85901**

**PER
ARIZONA CORPORATION COMMISSION
ORDER IN
DECISION # 67989
DATED JULY 18, 2005
DOCKET NOs.
W-01676A-04-0463
&
W-01676A-04-0500**

**AS DESCRIBED ON
PAGE 37, LINES 27 & 28
&
PAGE 38, LINES 1 & 2**

ATTACHED FOR STAFF'S REVIEW

**ALL INFORMATION IDENTIFIED IN
A.A.C. R-14-103**

**DESCRIBING THE COMPANY'S BUSINESS
ACTIVITIES IN CALENDAR YEAR 2006**

**EXCEPT RNC INFORMATION
&
SCHEDULES F, G AND H**

**PINEVIEW WATER COMPANY
5198 CUB LAKE ROAD
SHOW LOW, ARIZONA
85901**

**PER
ARIZONA CORPORATION COMMISSION
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**PINEVIEW WATER COMPANY
5198 CUB LAKE ROAD
SHOW LOW, ARIZONA
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PINEVIEW WATER COMPANY, INC.

Test Year Ended December 31, 2006

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PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

COMPUTATION OF INCREASE IN GROSS REVENUE REQUIREMENTS

DESCRIPTION	ORIGINAL COST	RCND
Adjusted Rate Base (1)	\$ 1,170,598	\$ 1,170,598
Adjusted Operating Income (2)	\$ (10,743)	\$ (10,743)
Current Rate of Return	-0.92%	-0.92%
	<u>FAIR VALUE</u>	
Fair Value Rate Base (50/50)	\$ 1,170,598	
Required Rate of Return	8.12%	
Operating Income Requirement	\$ 95,053	
Operating Income Deficiency	\$ 105,796	
Gross Revenue Conversion Factor (3)	1.4094%	
Increase in Gross Revenue Requirements	\$ 149,107	
Indicated Percentage Increase (4)	21.17%	

Supporting Schedules:

- (1) Schedule B-1
- (2) Schedule C-1
- (3) Schedule C-3

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

SUMMARY OF REVENUES AT PRESENT AND PROPOSED RATES

DESCRIPTION	REVENUES IN THE TEST YEAR		INCREASE	
	<u>PRESENT</u>	<u>PROPOSED</u>	<u>AMOUNT</u>	<u>PERCENT</u>
5/8" Meters	\$ 363,552	\$ 437,969	\$ 74,417	20.47%
3/4" Meters	\$ 63,688	\$ 64,505	\$ 445	0.70%
1" Meters	\$ 36,962	\$ 36,962	\$ -	0.00%
1 1/2" Meters	\$ 13,398	\$ 13,398	\$ -	0.00%
2" Meters	\$ 117,065	\$ 117,065	\$ -	0.00%
3" Meters	\$ 5,274	\$ 5,274	\$ -	0.00%
Construction Water	\$ 4,855	\$ 4,855	\$ -	0.00%
Total Metered Sales	<u>\$ 604,794</u>	<u>\$ 680,028</u>	<u>\$ 74,862</u>	<u>21.17%</u>
Sprinkler Revenues	\$ 976	\$ 976	\$ -	0.00%
Other Revenues	\$ 7,760	\$ 7,760	\$ -	0.00%
Total Water Revenues	<u><u>\$ 613,530</u></u>	<u><u>\$ 688,764</u></u>	<u><u>\$ 74,862</u></u>	<u><u>21.17%</u></u>

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

SUMMARY RESULTS OF OPERATIONS

DESCRIPTION	YEAR ENDED (1)				PROJECTED YEAR (3)	
	12-31-04	12-31-05	12-31-06	12-31-06 (2)	PRESENT RATES	PROPOSED RATES
Operating Revenues	\$ 516,859	\$ 566,033	\$ 622,564	\$ 668,655	\$ 613,530	\$ 833,243
Operating Expenses	\$ 558,098	\$ 511,125	\$ 611,587	\$ 731,795	\$ 672,746	\$ 740,021
Operating Income (Loss)	\$ (41,239)	\$ 54,908	\$ 10,977	\$ (63,140)	\$ (59,216)	\$ 93,222
Interest Expense	\$ 24,266	\$ 28,526	\$ 37,654	\$ 37,654	\$ 37,654	\$ 37,654
Other (Income) Expense	\$ (1,816)	\$ (137)	\$ (509)	\$ (509)	\$ (509)	\$ (509)
Net Income (Loss)	\$ (63,689)	\$ 26,519	\$ (26,168)	\$ (100,285)	\$ (96,361)	\$ 56,077
Return on Average Capital	-4.84%	6.84%	1.31%	-7.51%	-5.90%	9.30%
Return on Y/E Capital	-4.44%	8.10%	1.09%	-6.30%	-5.90%	9.30%
Return on Average Equity	12.64%	5.85%	-9.51%	-36.44%	37.83%	2.20%
Return on Y/E Equity	10.43%	8.97%	-10.27%	-39.37%	37.83%	2.20%

Supporting Schedules:

- (1) Schedule E-2
- (2) Adjusted Test Year-Schedule C-1
- (3) Schedule F-1

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

SUMMARY OF CAPITAL STRUCTURE

DESCRIPTION	YEAR ENDED (1)				PROJECTED YEAR (3)	
	12-31-04	12-31-05	12-31-06	12-31-06 (2)	PRESENT RATES	PROPOSED RATES
Long Term Debt	\$317,936	\$382,319	\$ 748,080	\$ 748,080	\$ 748,080	\$ 748,080
Common Equity	\$610,710	\$295,614	\$ 254,740	\$ 254,740	\$ 254,740	\$ 254,740
Total Capital	<u>\$928,646</u>	<u>\$677,933</u>	<u>\$ 1,002,820</u>	<u>\$1,002,820</u>	<u>\$1,002,820</u>	<u>\$1,002,820</u>
Capitalization Ratios:						
Long Term Debt	34.24%	56.39%	74.60%	74.60%	74.60%	74.60%
Common Equity	<u>65.76%</u>	<u>43.61%</u>	<u>25.40%</u>	<u>25.40%</u>	<u>25.40%</u>	<u>25.40%</u>
Total Capital	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Supporting Schedules:
(1) Schedule E-2
(2) Adjusted Test Year

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

CONSTRUCTION EXPENDITURES AND GROSS UTILITY PLANT IN SERVICE

<u>YEAR</u>	<u>CONSTRUCTION EXPENDITURES (1)</u>	<u>NET PLANT PLACED IN SERVICE (2)</u>	<u>GROSS UTILITY PLANT IN SERVICE</u>
2004	\$ 270,909	\$ 270,909	\$ 2,433,850
2005	\$ 358,302	\$ 358,302	\$ 2,792,152
2006	\$ 652,612	\$ 652,614	\$ 3,444,766
2007	\$ 203,750	\$ 203,750	\$ 3,648,516
2008	\$ 416,300	\$ 416,300	\$ 4,064,816
2009	\$ 57,000	\$ 57,000	\$ 4,121,816

Supporting Schedules:

(1) Schedule F-3

(2) Schedule E-5

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

ORIGINAL COST AND RCND RATE BASE ELEMENTS

<u>DESCRIPTION</u>	<u>ORIGINAL COST RATE BASE (1)</u>	<u>RCND RATE BASE (2)</u>
Gross Utility Plant In Service	\$ 3,444,763	\$ 3,444,763
Less: Accumulated Depreciation	<u>\$ 1,353,417</u>	<u>\$ 1,353,417</u>
Net Utility Plant In Service	\$ 2,091,346	\$ 2,091,346
Plus:		
CWIP	\$ -	\$ -
Working Capital Allowance	<u>\$ -</u>	<u>\$ -</u>
Less:		
Meter Deposits	\$ 128,078	\$ 128,078
Advances In Aid of Construction	\$ 701,374	\$ 701,374
Contributions In Aid Of Construction-Net	<u>\$ 91,296</u>	<u>\$ 91,296</u>
	\$ 920,748	\$ 920,748
Total Rate Base	<u>\$ 1,170,598</u>	<u>\$ 1,170,598</u>

Supporting Schedules & Notes:

(1) Schedules B-2, B-5, and E-5

(2) Pineview Water Company, Inc. Requests a Waiver on the Development of RCND Rate Base

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

PRO FORMA ADJUSTMENTS TO ORIGINAL COST RATE BASE

<u>DESCRIPTION</u>	<u>ACTUAL AT 12-31-06</u>	<u>PRO FORMA ADJUSTMENTS</u>	<u>ADJUSTED AMOUNT</u>
Meter Deposits	<u>\$ 128,078</u>	<u>\$ -</u>	<u>\$ 128,078</u>

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

CALCULATION OF WORKING CAPITAL ALLOWANCE

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Purchased Power	\$ 52,676
Adjusted O&M	\$ 494,375
Working Capital Calculation:	
1/24 Purchased Water	\$ 2,195
1/8 O & M	\$ 61,797
Total Working Capital Allowance	<u>\$ 63,992</u>

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

OPERATING INCOME STATEMENT

DESCRIPTION	ACTUAL AT 12-31-06	PRO FORMA (2) ADJUSTMENTS	ADJUSTED AMOUNT
Revenues:			
Water Sales	\$ 613,828	\$ 42,231	\$ 656,059
Other Water Revenues	\$ 8,736	\$ 3,860	\$ 12,596
Total Revenues	\$ 622,564	\$ 46,091	\$ 668,655
Operating Expenses:			
Salaries & Wages	\$ 208,411	\$ 13,908	\$ 222,319
Employee Pensions & Benefits	\$ 46,810	\$ 1,372	\$ 48,182
Purchased Power	\$ 52,676	\$ 9,673	\$ 62,349
Purchased Water	\$ 4,545	\$ -	\$ 4,545
Outside Services	\$ 9,844	\$ -	\$ 9,844
Repairs & Maintenance	\$ 54,641	\$ 25,000	\$ 79,641
Rental Expense	\$ 26,557	\$ 80	\$ 26,637
Materials & Supplies	\$ 4,139	\$ 17,500	\$ 21,639
General & Administrative	\$ 64,183	\$ 279	\$ 64,462
Depreciation	\$ 99,415	\$ -	\$ 99,415
Property Taxes	\$ 23,214	\$ -	\$ 23,214
Income Taxes	\$ 45	\$ -	\$ 45
Rate Case Expenses	\$ 17,106	\$ -	\$ 17,106
Total Operating Expenses	\$ 611,586	\$ 67,812	\$ 679,398
Operating Income	\$ 10,978	\$ (21,721)	\$ (10,743)

Supporting Schedules:

- (1) Schedule E-6
- (2) Schedule C-2

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

PRO FORMA ADJUSTMENTS TO OPERATING INCOME STATEMENT

DESCRIPTION	AMOUNT
WATER SALES:	
Additional Meters-Service Fees & Usage Estimates	\$ 42,231
Establishment Fees for Each Additional Meter	\$ 3,860
Pro Forma Adjustment-Water Sales	<u>\$ 46,091</u>
SALARIES & WAGES:	
Incentive & Cost Of Living Increase Estimates	<u>\$ 13,908</u>
EMPLOYEE PENSIONS & BENEFITS:	
Employee Pensions & Benefits Related to Salaries & Wages Adjustment	<u>\$ 1,372</u>
PUMPING POWER:	
Increase in Pumping Power Related to Additional Meters Installed	<u>\$ 9,673</u>
REPAIRS & MAINTENANCE:	
Replace Wiring at Well #2-Estimated Cost	<u>\$ 25,000</u>
RENTAL EXPENSE:	
Annual 3% Increase In Office Rent	<u>\$ 80</u>
MATERIALS & SUPPLIES:	
Well #4C Pump, Motor, Draw Pipe, Wire & Meter	<u>\$ 17,500</u>
GENERAL & ADMINISTRATIVE:	
Increase in Insurance Premium Related to Salaries & Wages Adjustment	<u>\$ 279</u>
TOTAL PRO FORMA ADJUSTMENTS	<u><u>\$ (21,721)</u></u>

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

COMPUTATION OF GROSS REVENUE CONVERSION FACTOR

DESCRIPTION	PERCENTAGE
Federal Income Taxes	22.081%
State Income Taxes	6.968%
Total Income Taxes	29.049%
Gross Revenue Conversion Factor = $1/1 - \text{Tax Percentage} =$	1.4094%

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

SUMMARY COST OF CAPITAL

DESCRIPTION	12-31-06 AMOUNT	PERCENT	COST RATE	WEIGHTED COST RATE
Long Term Debt-#1	\$ 499,666	47.23%	5.43%	2.565%
Long Term Debt-#2	\$ 303,648	28.69%	6.30%	1.807%
Common Equity	\$ 254,740	24.08%	13.90%	3.347%
Total Capital	<u>\$ 1,058,054</u>	<u>100.00%</u>		<u>7.72%</u>

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

COMPARATIVE BALANCE SHEETS
ASSETS

DESCRIPTION	BALANCE AT		
	12-31-06	12-31-05	12-31-04
Utility Plant:			
Gross Utility Plant In Service	\$ 3,444,764	\$ 2,792,152	\$ 2,433,850
Less: Accumulated Depreciation	\$ 1,353,417	\$ 1,252,550	\$ 883,193
Net Utility Plant In Service	\$ 2,091,347	\$ 1,539,602	\$ 1,550,657
CWIP	\$ -	\$ -	\$ -
Total Utility Plant	\$ 2,091,347	\$ 1,539,602	\$ 1,550,657
Current Assets:			
Cash	\$ 1,453	\$ 59,801	\$ 3,693
Accounts Receivable	\$ 28,010	\$ 31,520	\$ 38,231
Due From Officers	\$ -	\$ -	\$ 23,060
Supplies & Other Current Assets	\$ 34,947	\$ 51,973	\$ 30,767
Total Current Assets	\$ 64,410	\$ 143,294	\$ 95,751
Total Assets	\$ 2,155,757	\$ 1,682,896	\$ 1,646,408

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

COMPARATIVE BALANCE SHEETS
LIABILITIES AND EQUITY

DESCRIPTION	BALANCE AT		
	12-31-06	12-31-05	12-31-04
Capitalization:			
Long Term Debt	\$ 748,080	\$ 382,319	\$ 317,936
Equity:			
Common Stock	\$ 4,000	\$ 4,000	\$ 4,000
Paid In Capital	\$ 513,155	\$ 513,155	\$ 513,155
Retained Earnings	\$ (262,415)	\$ (221,541)	\$ 93,555
Total Equity	\$ 254,740	\$ 295,614	\$ 610,710
Total Capital	\$1,002,820	\$ 677,933	\$ 928,646
Advances & Contributions:			
Advances in Aid of Construction	\$ 701,374	\$ 715,846	\$ 396,125
Meter Deposits	\$ 128,078	\$ 111,733	\$ 102,621
Contributions - Net of Amortization	\$ 91,296	\$ 48,918	\$ 22,156
Total Advances & Contributions	\$ 920,748	\$ 876,497	\$ 520,902
Current Liabilities			
Accounts Payable	\$ 65,165	\$ 36,518	\$ 62,315
Current Portion - LT Debt	\$ 55,234	\$ 60,448	\$ 32,693
Other Current Liabilities	\$ 111,790	\$ 31,500	\$ 101,852
Total Current Liabilities	\$ 232,189	\$ 128,466	\$ 196,860
Total Liabilities and Equity	<u>\$2,155,757</u>	<u>\$ 1,682,896</u>	<u>\$ 1,646,408</u>

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

COMPARATIVE INCOME STATEMENTS

DESCRIPTION	YEAR ENDED		
	12-31-06	12-31-05	12-31-04
Revenues:			
Water Sales	\$613,828	\$559,958	\$510,608
Other Water Revenues	\$ 8,736	\$ 6,075	\$ 6,251
Total Revenues	\$622,564	\$566,033	\$516,859
Operating Expenses:			
Salaries & Wages	\$208,411	\$170,120	\$250,926
Employee Pensions & Benefits	\$ 46,810	\$ 39,412	\$ 47,024
Purchased Power	\$ 52,676	\$ 52,763	\$ 47,776
Purchased Water	\$ 4,545	\$ -	\$ -
Outside Services	\$ 9,845	\$ 4,749	\$ 13,461
Repairs & Maintenance	\$ 54,641	\$ 28,254	\$ 31,759
Rental Expense	\$ 26,557	\$ 30,181	\$ 34,268
Materials & Supplies	\$ 4,139	\$ 2,301	\$ 4,649
General & Administrative	\$ 81,289	\$ 68,088	\$ 51,253
Depreciation	\$ 99,415	\$ 89,715	\$ 52,619
Property Taxes	\$ 23,214	\$ 25,497	\$ 24,318
Income Taxes	\$ 45	\$ 45	\$ 45
Total Operating Expenses	\$611,587	\$511,125	\$558,098
Operating Income (Loss)	\$ 10,977	\$ 54,908	\$ (41,239)
Other Income & Expense:			
Other Income	\$ 509	\$ 137	\$ 1,816
Interest Expense	\$ 37,654	\$ 28,526	\$ 24,266
Total Other Income & Expense	\$ 37,145	\$ 28,389	\$ 22,450
Net Income (Loss)	<u>\$ (26,168)</u>	<u>\$ 26,519</u>	<u>\$ (63,689)</u>

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

DETAIL OF UTILITY PLANT

DESCRIPTION	BALANCE AT 12-31-06	NET ADDITIONS	BALANCE 12/31/2005
Land & Land Rights	\$ 33,498	\$ -	\$ 33,498
Structures & Improvements	\$ 94,930	\$ -	\$ 94,930
Wells & Springs	\$ 349,541	\$ 69,132	\$ 280,409
Pumping Equipment	\$ 130,370	\$ 4,206	\$ 126,164
Water Treatment Equipment	\$ 3,196	\$ 3,196	\$ -
Distribution Reservoirs	\$ 647,238	\$ 400,626	\$ 246,612
Transmission & Distribution Mains	\$ 1,699,111	\$ 116,325	\$ 1,582,786
Services	\$ 10,116	\$ -	\$ 10,116
Meters & Meter Installations	\$ 214,509	\$ 9,567	\$ 204,942
Hydrants	\$ 80,374	\$ 14,453	\$ 65,921
Other Plant & Misc. Equipment	\$ 23,334	\$ 15,974	\$ 7,360
Office Furniture & Equipment	\$ 45,864	\$ 6,979	\$ 38,885
Transportation Equipment	\$ 67,848	\$ 7,900	\$ 59,948
Tools, Shop & Garage Equipment	\$ 41,797	\$ 3,255	\$ 38,542
Power Operated Equipment	\$ 2,083	\$ 1,001	\$ 1,082
Communication Equipment	\$ 533	\$ -	\$ 533
Miscellaneous Equipment	\$ 422	\$ -	\$ 422
Total Gross Utility Plant In Service	\$ 3,444,764	\$ 652,614	\$ 2,792,150
Accumulated Depreciation	\$ 1,353,417	\$ 100,867	\$ 1,252,550
Net Utility Plant In Service	\$ 2,091,347	\$ 551,747	\$ 1,539,600

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

OPERATING STATISTICS

DESCRIPTION	YEAR ENDED		
	12-31-06	12-31-05	12-31-04
Year End Customers:			
Residential	938	883	836
Commercial	143	134	125
Average Customers:			
Residential	912	851	834
Commercial	139	131	115
Gallons Sold:			
Residential	53,135,481	53,941,958	56,016,559
Commercial	37,883,630	34,587,380	30,103,060
Revenues:			
Residential	\$ 363,552	\$ 360,266	\$ 345,681
Commercial	\$ 250,274	\$ 199,692	\$ 165,627
Revenues Per Avg. Customer:			
Residential	\$ 399	\$ 423	\$ 414
Commercial	\$ 1,801	\$ 1,524	\$ 1,439

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

TAXES CHARGED TO OPERATIONS

DESCRIPTION	YEAR ENDED		
	12-31-06	12-31-05	12-31-04
Property Taxes	\$ 23,214	\$ 25,497	\$ 24,318
FICA Taxes	15,943	13,014	19,320
Federal Unemployment Taxes	531	393	531
State Unemployment Taxes	2,522	1,399	1,892
Income Taxes	45	45	45

PINEVIEW WATER COMPANY, INC.
Test Year Ended December 31, 2006

NOTES TO FINANCIAL STATEMENTS

A. AUDITS:

The Financial Statements of Pineview Water Company, Inc. are not audited.

B. ACCOUNTING METHODS:

The accrual accounting method is used by Pineview Water Company, Inc.

C. DEPRECIATION RATES:

Straight-line depreciation rates are used by Pineview Water Company, Inc. and vary by plant account.

D. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) :

AFUDC is not capitalized on construction as a general policy.